

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 SP-02 ICA-20 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00 FRB-01
INR-10 NSAE-00 XMB-04 OPIC-06 LAB-04 SIL-01
AGRE-00 INT-05 DOE-15 SOE-02 DODE-00 PA-02 HEW-06
OES-07 /142 W

-----125809 051818Z /61

R 051220Z APR 78

FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 1825
INFO USDOC WASHDC

UNCLAS SECTION 1 OF 2 CARACAS 3131

PASS TO WASHINGTON COMMERCIAL ACTION GROUP

E.O. 11652: N/A

TAGS: BEXP, EFSA, VE

SUBJ: COUNTRY COMMERCIAL PROGRAM-PRELIMINARY CONTRIBUTION FOR FY-1980

REF: A. STATE 2688 B. CARACAS 1455

1. FOLLOWING ARE THE PROPOSED CAMPAIGNS AND ACTIVITIES SUGGESTED BY THE COUNTRY COMMERCIAL ACTION GROUP FOR THE FY-80 COUNTRY COMMERCIAL PROGRAM AS REQUESTED BY REFTEL.

2. PREFACE: THE ENVIRONMENT IN WHICH THE FY-80 CCP WILL OPERATE IS MORE THAN NORMALLY UNPREDICTABLE FOR THE FOLLOWING REASONS: FIRST, THE PRESIDENTIAL ELECTION WILL TAKE PLACE IN DECEMBER 1978, AND A NEW GOVERNMENT WILL BE INSTALLED IN MARCH 1979. THE NEW ADMINISTRATION WILL HAVE TO TAKE A NUMBER OF HARD POLICY DECISIONS AS DELINEATED MOST RECENTLY IN CARACAS 0437. SECONDLY, THE FIFTH NATIONAL DEVELOPMENT PLAN, WHICH IS NOT NOTABLE FOR A RECORD OF PHYSICAL ACCOMPLISHMENT ON SCHEDULE, WILL BE NEARING ITS END DURING FY-80 AND WILL BE SUBJECT TO ADJUSTMENT BY THE NEW ADMINISTRATION. INDEED, IT IS CURRENTLY BEING ADJUSTED IN DIRECTIONS WHICH ARE TAKEN
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INTO ACCOUNT BELOW. THIRDLY, THE GOVERNMENT OF VENEZUELA HAS LOST STATISTICAL CONTROL OF IMPORTS AND WE NO LONGER HAVE ANY ADEQUATE RECORD OF IMPORT LEVELS BY PRODUCT FOR 1977, OR MUCH OF 1976, AND THUS LESS THAN NORMAL EVIDENCE OF WHERE WE ARE COMPETITIVE. FINALLY, THE QUESTION OF THE EXTENSION OF THE COMMERCIAL TASK FORCE OR THE INTEGRATION OF THE TASK FORCE SLOTS INTO THE PERMANENT COMMERCIAL STAFFING LEVEL HAS NOT YET BEEN DECIDED. THUS,

PLANNING HAS TO TAKE INTO ACCOUNT THE PROSPECTIVE LOSS OF ONE THIRD OF THE OFFICER COMPLEMENT IN THE COMMERCIAL SECTION (PRESENT AUTHORIZED STAFFING: SIX OFFICERS, TWO OF WHICH TEMPORARY), AS WELL AS TWO LOCAL SLOTS.

TAKING THESE UNCERTAINTIES INTO CONSIDERATION, WE PROJECT THE FOLLOWING ENVIRONMENT (OVERVIEW) FOR THE FY-80 PROGRAM.

ADMITTEDLY, THESE THEMES ARE BASED ON A SUBJECTIVE AND PERHAPS ETHNOCENTRIC CONCEPTION OF WHAT THE GOV OUGHT TO BE DOING IN PROMOTING ECONOMIC DEVELOPMENT.

3. OVERVIEW: THE GOV, DURING THE COURSE OF FY-79 WILL HAVE TAKEN STEPS TO RESTRICT LUXURY AND NON-ESSENTIAL IMPORTS. IT WILL HAVE RESTRICTED MONETARY GROWTH AND WILL HAVE TRIED TO IMPLEMENT TAX REFORM. THERE WILL BE A GENERAL SLOW-DOWN IN BUSINESS ACTIVITY. LIKEWISE, THE GOV WILL HAVE HAD TO REDUCE THE PACE OF FOREIGN BORROWINGS TO FINANCE MAJOR INFRASTRUCTURE PROJECTS AND MAY HAVE TO POSTPONE IDEFINITELY THOSE PROJECTS NOT YET STARTED AS OF EARLY FY-79, ALTHOUGH MAJOR INVESTMENTS IN THE PETROLEUM SECTOR WILL CONTINUE TO EXPAND. CONVERSELY, THERE WILL BE A MUCH GREATER EMPHASIS ON SOCIAL DEVELOPMENT, WITH MORE RESOURCES FOR AND MORE EFFICIENT IMPLEMENTATION OF AGRIBUSINESS PROJECTS, AND MUCH MORE RESOURCES FOR EDUCATION AND HEALTH CARE DELIVERY SYSTEMS. THE PRIVATE

SECTOR WILL RECEIVE GREATER INCENTIVES TO INVESTMENT IN CONSUMER GOODS PRODUCTION CAPABILITY, I.E., TEXTILE AND GARMENT, FOOD PROCESSING, CONSUMER ELECTRONIC, AND LIGHT METALWORKING INDUSTRIES.
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THE U.S. GOALS AND OBJECTIVES IN VENEZUELA CONTINUE TO BE TO ENSURE ACCESS TO THE VENEZUELA IMPORT MARKET ACROSS THE BOARD AND SECURING A FULL HEARING FOR U.S. SUPPLIERS OF TECHNOLOGY AND CAPITAL GOODS. IN SEEKING TO REACH THESE GOALS, THIS CCP PLACES HEAVIER EMPHASIS ON MORE EXTENDED TRAVEL AND CONTACT WITH PRIVATE SECTOR ENTREPRENEURS OUTSIDE OF CARACAS IN ORDER TO MAXIMIZE U.S. PARTICIPATION IN NEW AGRIBUSINESS AND CONSUMER GOODS PRODUCTION FACILITIES, PLUS A CONTINUED EFFORT TO IMPROVE OUR ABILITY TO DELIVER COMMERCIAL SERVICES EFFICIENTLY TO U.S. EXPORTERS IN GENERAL.

4. CAMPAIGNS

CAMPAIGN NO.1 PRIORITY RANK: 1

CAMPAIGN TITLE: CAPITAL GOODS FOR THE PRIVATE SECTOR

OBJECTIVE AND RATIONALE: THE CAMPAIGN AIMS AT REACHING THAT BUYING UNIVERSE MOST SUSCEPTIBLE OF BEING REACHED BY PROMOTIONAL ACTIVITY, EXHIBITIONS, MISSIONS, FIELD TRIPS, AND WHERE EMBASSY ACTIVITY CAN HAVE AN IMPACT---THE PRIVATE SECTOR. THE GOV WILL POUR FINANCIAL AND TECHNICAL ASSISTANCE RESOURCES INTO AGROINDUSTRY AND SUBSTANTIAL PURCHASES OF CAPITAL GOODS WILL RESULT. THE GOV LIKEWISE WILL TURN PORTIONS OF EXISTING STATE ENTERPRISES OVER TO THE PRIVATE SECTOR AND ENCOURAGE EXPANDED PRODUCTIVITY IN THE TEXTILE, CHEMICAL, FOOD, CONSUMER ELECTRONICS, SECONDARY METALWORKING AND OTHER INDUSTRIES,

WITH CONCOMITANT DEMAND BY THE PRIVATE SECTOR FOR CAPITAL GOODS, INCLUDING EQUIPMENT FOR POLLUTION CONTROL. THROUGHOUT THE YEAR FIELD TRIPS ARRANGED WITH LOCAL CHAMBERS OF COMMERCE, INDUSTRY, AND AGRICULTURE AS WELL AS WITH REGIONAL DEVELOPMENT AGENCIES WILL SEEK ENHANCED VENEZUELAN CONSUMER AWARENESS OF THE AVAILABILITY OF U.S. COMMERCIAL SERVICES, GENERATING TRADE AND PRODUCT OPPORTUNITIES, AS WELL AS THROUGH KEY CALLS, GENERATING ATTENDANCE AT THE POLLUTION CONTROL, FOOD PROCESSING, AND TEXTILE MACHINERY EXHIBITIONS AND OTHER PROMOTIONAL EVENTS.

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OES-07 /142 W

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R 051220Z APR 78
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CAMPAIGN NO.2 PRIORITY RANK:3
CAMPAIGN TITLE: PETROLEUM/GAS EXPLORATION/PRODUCTION/REFINING
EQUIPMENT AND SERVICES
OBJECTIVE AND RATIONALE: NOTWITHSTANDING EFFORTS TO DIVERSIFY THE
ECONOMY, PETROLEUM WILL CONTINUE TO BE THE PRIME SOURCE OF VENEZUELAN
EXPORT EARNINGS AND TAX REVENUES. SUBSTANTIAL AMOUNTS, BILLIONS OF
DOLLARS, WILL HAVE TO BE INVESTED IN KEEPING EXISTING FACILITIES
AT OPTIMUM PRODUCTION LEVELS, AS WELL AS FOR NEW OFF-SHORE EXPLORATION

,
DRILLING, SECONDARY AND TERTIARY PRODUCTION, CHANGED REFINERY PAT-
TERNS AND ENTIRELY NEW FACILITIES IN THE ORINOCO TAR BELT. THE OB-
JECTIVE OF THIS CAMPAIGN WILL BE TO KEEP U.S. CONSULTANTS, ENGINEERS,
CONSTRUCTORS, AND SERVICE COMPANIES INFORMED OF NEW OPPORTUNITIES AND
SUPPORT THEIR EFFORTS TO SECURE CONTRACTS. ASSIST IN PREPARATION OF
UP-DATED MARKET RESEARCH TO PREPARE WAY FOR A SECOND PETROAVANCE
EXHIBITION IN EARLY FY-81.

CAMPAIGN NO.3 PRIORITY RANK: 6

CAMPAIGN TITLE: HEALTH CARE DELIVERY SYSTEMS
OBJECTIVES AND RATIONALE: THE NEXT GOVERNMENT WILL BE RESPONSIVE
TO HEALTH CARE NEEDS AND WILL EXPAND RURAL HEALTH CARE FACILITIES,
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PREVENTIVE HEALTH PROGRAMS AND MASS SCREENING/ DIAGNOSIS PROJECTS,
ALL CAPITAL-INTENSIVE SOLUTIONS TO LARGE SCALE PROBLEMS. U.S.
EQUIPMENT AND DELIVERY SYSTEMS MAINTAIN HIGH REPUTATIONS. AS A
FOLLOW-ON THE SEPTEMBER 1979 EXHIBITION, THE EMBASSY WILL SUPPOT
A RECOMMENDED MISSION/SEMINAR.

CAMPAIGN NO. 4 PRIORITY RANK: 7
CAMPAIGN TITLE: EDUCATION DELIVERY SYSTEMS AND ADIOVISUAL EQUIPMENT
OBJECTIVE AND RATIONALE: THE MOST IMPORTANT SINGLE FACTOR IMPENDING
VENEZUELA'S DEVELOPMENT IS THE INADEQUATE SUPPLY OF SKILLED LABOR.
THE GOV WILL BE RECEPTIVE TO WELL-TAILORED SYSTEMS APPROACHES TO
TECHNICAL TRAINING, LIBRARY SYSTEMS, AND WILL PURCHASE SUBSTANTIAL
QUANTITIES OF EQUIPMENT ACORSS THE BOARD. THE EMBASSY WILL REPORT
TENDERS/TRADE OPPORTUNITIES AND FACILITATE U.S. EXPORTERS' SALES
EFFORTS AS WELL AS SUPPORT AN EXHIBITION PRESENTLY IN THE SCHEDULE
AS AN ALTERNATE THEME.

CAMPAIGN NO. 5 PRIORITY RANK: 8
CAMPAIGN TITLE: CONSTRUCTION MATERIALS AND EQUIPMENT
OBJECTIVE AND RATIONALE: THIS CATEGORY CONTINUES TO BE THE "BEST
PROSPECT" FOR INCREMENTAL U.S. EXPORTS, EXPECTED TO REACH THE
\$550 MILLION LEVEL IN 1980. ACTIONS WOULD PARALLEL THOSE OF THE FY-7
9
CAMPAIGN ON THIS THEME, WITH SUPPORT FOR A RECOMMENDED TRADE MISSION.

5. ACTIVITIES
ACTIVITY NO.:1 PRIORITY RANK: 2
TITLE: TRADE PROMOTION EVENT SUPPORT
OBJECTIVE AND RATIONALE: CURRENT TENTATIVE SCHEDULING FOR FY-80
INVOLVES THE FOLLOWING SOLO EXHIBITIONS:
12/79 POLLUTION CONTROL
5/80 FOOD PROCESSING
9/80 TEXTILE MACHINERY
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ALTERNATE EXHIBITION THEMES ARE EDUCATIONAL SYSTEMS AND AUDIO-VISUAL
EQUIPMENT AND SECURITY AND SAFETY EUQIPMENT. IN ADDITION, THE POST
RECOMMENDS A MISSION/SEMINAR ON HEALTH CARE DELIVERY SYSTEMS
AND TWO TRADE MISSIONS ON AGRIBUSINESS AND CONSTRUCTION EQUIPMENT.
THE POST WILL SUPPORT THE USEX STAFF AS OUTLINED IN THE FY79 CCP.
IN ADDITION, CAMPAIGN 1, CAPITAL GOODS FOR THE PRIVATE SECTOR, WILL

REPRESENT A YEAR-LONG EFFORT TO PROMOTE SALES TO THE PRIVATE SECTOR THROUGHOUT THE COUNTRY. THESE THREE SOLO EXHIBITIONS WILL BE HEAVILY EMPHASIZED IN THIS CAMPAIGN.

ACTIVITY NO:2 PRIORITY RANK: 4

TITLE: MARKET RESEARCH

OBJECTIVE AND RATIONALE: MARKET RESEARCH WILL BE REQUIRED FOR THREE SCHEDULED AND TWO ALTERNATE EXHIBITION THEMES FOR EVENTS TO BE HELD IN FY 81. AT THIS TIME, ONLY THREE THEMES CAN BE RECOMMENDED: TELECOMMUNICATIONS, COMPUTERS AND BUSINESS EQUIPMENT, AND PETROLEUM/GAS PRODUCTION AND REFINERY EQUIPMENT.

ACTIVITY NO: 3 PRIORITY RANK: 5

TITLE: MAJOR PROJECTS/PRODUCTS

OBJECTIVE AND RATIONALE: THIS ACTIVITY WILL CONTINUE ESSENTIALLY AS DESCRIBED IN THE FY-79 CCP, BUT WITH MUCH GREATER EMPHASIS ON CONTACTS IN CORDIPLAN SO AS TO DETECT POSSIBLE NEW PROJECTS IN THE PLANNING STAGE. THE ENTIRE NATIONAL ECONOMIC DEVELOPMENT PLAN WILL BE UNDERGOING REVISION DURING LATE FY79 AND EARLY FY-80.

ACTIVITY NO: 4 PRIORITY RANK: 5

TITLE: COMMERCIAL SERVICES, VARIOUS

OBJECTIVE AND RATIONALE: THIS RUBRIC INCLUDES ESSENTIALLY THE SAME ACTIONS AS SPELLED OUT IN ACTIVITIES 4, 5, 6 AND 7 OF FY-79 CCP, BUT WITH A MUCH GREATER EMPHASIS ON TRAVEL OUTSIDE CARACAS AND CONTACT WITH THE PRIVATE SECTOR, AS EXEMPLIFIED IN CAMPAIGN 1 OF THIS FY-80 CCP. THE OVERALL AIM IS TO INCREASE THE VOLUME AND QUALITY OF TRADE OPPORTUNITIES AND PROVIDE MORE EFFICIENT AND RAPID RESPONSE TO U.S. EXPORTERS' REQUESTS FOR SERVICES.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 05 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978CARACA03131
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780147-0435
Format: TEL
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780491/aaaaczlt.tel
Line Count: 260
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 60017db6-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 STATE 2688
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3072491
Secure: OPEN
Status: NATIVE
Subject: COUNTRY COMMERCIAL PROGRAM-PRELIMINARY CONTRIBUTION FOR FY-1980
TAGS: BEXP, AFSP, VE
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/60017db6-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014